REMARKS

The present Amendment and Response is responsive to the non-final Office Action mailed March 28, 2006. New Claim 40 has been added, and Claims 1-40 remain pending. By this Amendment, independent Claims 1, 14, and 27 have been amended to clarify that the "plurality of accounts" or "multiple accounts" are investor accounts. Accordingly, "plurality of accounts" has been amended to be "plurality of investor accounts," and "multiple accounts" has been amended to be "multiple investor accounts." In addition, Claims 1, 14, and 27 have been amended to include some features of the "failure report" that were originally recited in respective dependent Claims 8, 21, and 34, and to further clarify that the tax lots included in the failure report are prevented from being traded. Likewise, Claims 8, 21, and 34 have been amended to conform to the amendments to Claims 1, 14, and 27.

Further, "selection criteria" in Claims 1, 14, and 27 has been amended to be "at least one selection criterion" and corresponding amendments have been made to dependent Claims 2, 3, 6-9, 15, 16, 19-22, 28, 29, and 32-35. Claims 10, 23, and 36 have been amended to recite "user selected" instead of "user selectable." Additionally, Claims 9, 22, and 35 have been amended to clarify that the automatic transmittal of reminders occurs on one or more future dates. Reconsideration and allowance of the application, as amended, is requested.

Claim Rejections under 35 U.S.C. § 112

In the Office Action, Claims 8-12 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter for which Applicants regard as the invention. (Office Action, p. 2). In particular, the Office Action alleges that Claim 8 (and Claims 9, 11, and 12 which depend from Claim 8) are indefinite with regards to the recitation of a "failure report." Nonetheless, the Office Action interprets "failure report" to mean "failure report of losses." (Office Action, p. 2).

Applicants respectfully submit that the Office Action's interpretation of "failure report" as "failure report of losses" is incorrect. Instead, Applicants respectfully submit that according to the specification of the present invention, the failure report includes tax lots that are prevented

from being traded because they fail to satisfy the selection criteria. For example, FIG. 9 illustrates "a typical trade scenario failure report generated in according with the present invention." (Specification, p. 9, lines 6-7). In describing the failure report of FIG. 9, the specification indicates that the tax lots listed on the failure report would be prevented from trading due to a failure of the selection criteria:

> If any selection criterion was chosen that prevents an account from trading that would have otherwise traded tax-lot(s) or a partial lot, or an account chosen does not own the designated security, a What-If Failure Screen, like the example shown in FIG. 9, will be produced. The preferred embodiment currently recognizes 11 possible reasons for failure. As tax laws change or investor strategies expand, the number of reasons for failure may change. (Specification, p. 22, lines 1-8).

Likewise, p. 22, line 15 – p. 23, line 25 of the specification of the present invention describe eleven illustrative examples of reasons for such failed trades. Similarly, step 1124 of FIG. 11B and the accompany text indicate that "[a] 'What-If' Failure Report is generated at step 1124, to identify the tax-lot(s) or portions thereof, that would be prevented from trading for the any one of the various failure reasons identified above. (Specification, p. 39, lines 28-31).

In view of the above-described descriptions of the failure report in the specification of the present invention, Applicants respectfully submit that "failure report" is sufficiently definite to overcome the Office Action's rejection under 35 U.S.C. § 112, paragraph 2. Additionally, to expedite allowance of the present application, Applications have also amended independent Claims 1, 14, and 27, which now recite a "failure report," to additionally recite "wherein the failure report includes tax lots that are prevented from being traded."

Therefore, Applicants respectfully submit that "failure report" as recited in the claims is sufficiently definite to overcome the rejection under 35 U.S.C. § 112, paragraph 2.

Claim Rejections under 35 U.S.C. § 103(a)

In the Office Action, Claims 1-39 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,161,098 to Wallman (hereafter referred to as "Wallman") in view of U.S. Patent No. 6,240,399 to Frank et al. (hereafter referred to as "Frank"). With respect to independent Claim 1, the Office Action alleges Wallman discloses the step of "generating a

trading proposal, based upon the selection criteria, for tax lots of a single security across a plurality of accounts." However, the Office Action admits that Wallman does not specifically have "inputting selection criteria." Instead, the Office Action alleges that Frank discloses the selection criteria, and further alleges that it would have been obvious to combine Frank and Wallman.

Applicants traverse the rejections under 35 U.S.C. § 103(a). In brief, Applicants assert that independent Claims 1, 14, and 27 are allowable because Wallman, Frank, or a combination thereof does not teach or suggest the features of (i) a failure report that includes tax lots that are prevented from being traded and (ii) generating a trading proposal...for tax lots of a single security across multiple investor accounts.

Wallman is directed towards a graphical system that allows a small investor to manage taxable events created by trading securities in the investors' portfolio. (Abstract). In particular, the user of Wallman selects the securities in the portfolio that are to be sold, and the system determines a graph by plotting various combinations of sales of the securities. (Col. 11, lines 29-31 and FIG. 1). The horizontal axis of the graph (e.g., FIG. 1) provides proceeds to be realized from the sale of such combinations of securities and the vertical axis indicates the potential capital gains/losses from such a sale. (Col. 9, lines 50 and 58). If a user clicks on any point in the curve, then the system identifies the closest match of securities the user should sell to realize the cash and capital gain/loss that the user desires, as illustrated in FIG. 2 of Wallman. (Col. 10, lines 11-14). Now referring to FIG. 5 of Wallman, the curves 1a, 1b, and 1c each represent the same information as the curve in FIG. 1, except the curves 1a, 1b, and 1c include only a single security (i.e., Motorola, IBM, and Ford, respectively) instead of multiple securities from the portfolio as with FIG. 1. (Col. 13, line 66 – Col. 14, line 3). This allows the user to selection transactions specifically by a single securities issue (a) instead of on a portfolio basis. (Col. 14, lines 6-14). However, a user can select a combination of securities to be combined into a combined selected portfolio graph (b), which would then be the combined tax-effects proceeds for the securities issues chosen by the user. (Col. 14, lines 14-17).

Frank is directed towards a method of suggesting optimized asset allocations for an investor (Col. 6, lines 14-28), similar to how a financial planner would suggest optimal asset allocations. In particular, the investor first selects among available investment options, including available mutual funds or individual stocks, bonds, and money market instruments. (Col. 5, lines 53-55). The account optimizer of Frank then determines how to best allocate the selected investment options between taxable assets/accounts and the tax-deferred assets/accounts. (Col. 6, lines 31-33). More specifically, the account optimizer will account for the current asset allocation, the investment characteristics (e.g., ordinary income, yield, percent taxed, L-T capital gain dist., etc.) of the selected investment options, and the investor's tax situation and time horizon (e.g., federal/state income tax, capital gains tax, time horizon, tax deferred assets, total assets), to determine which accounts (e.g., taxable or tax-deferred) should hold the selected investment options. (Col. 6, lines 35-45 and FIGs. 2 and 3).

Turning now to the claims, Applicants assert that Wallman does not teach or suggest the feature of "generating a failure report if any tax lots do not satisfy the at least one selection criterion, wherein the failure report includes tax lots that are prevented from being traded," as recited in independent Claim 1 and similarly in independent Claims 14 and 27. As Wallman does not allow an user to input selection criterion (see Office Action, p. 3 (stating that "Wallman does not specifically have inputting selection criterion")), there cannot be a failure of such selection criterion that results in the generation of a failure report that includes tax lots that are prevented from being traded. Instead, in Wallman, the user must first designate the securities that are to be sold before the system of Wallman generates the graphs:

> Once the user selects the securities to be sold, the system determines the graph 10 in FIG. 1 by plotting the various combinations of sales of the securities. Once plotted, the user can then select how much money the user requires and if the underlying data permits it, sell the correct lots of securities to obtain the desired cash with the desired tax treatment (e.g., tax neutral). (Col. 11, lines 29-35 (emphasis added)).

Accordingly, because the user designates valid securities that are to be sold and because potential combinations of sales are graphed and provided by the system only if the underlying data permits

it, there would be no need in Wallman for a failure report since there cannot be any such tax lots that are prevented from being traded.

Therefore, Wallman does not teach or suggest the feature of "generating a failure report if any tax lots do not satisfy the at least one selection criterion, wherein the failure report includes tax lots that are prevented from being traded," and independent Claims 1, 14, and 27 are allowable over Wallman. Furthermore, Frank, which does not provide a system for the actual trading of any securities, does not cure the deficiencies of Wallman. In particular, the system of Frank only provides suggestions for account optimization similar to advice one would receive from a financial planner, and thus, would also not include a failure report that includes tax lots that are prevented from being traded. Therefore, independent Claims 1, 14, and 27 are allowable over Wallman and Frank.

Still further, Applicants assert that Wallman does not teach or suggest "generating a trading proposal for tax lots...wherein the tax lots are of a single security across a plurality of investor accounts," as recited in independent Claim 1, and similarly in independent Claims 14 and 27. In particular, Wallman discloses the management of taxable events only within a single portfolio—that is, only a single investor account. (Abstract). Indeed, referring to FIG. 2 of Wallman, all of the securities listed are from a single portfolio, and thus, there is no "tax lots of a single security across a plurality of investor accounts" in Wallman. Furthermore, the background of the present invention already recognizes tools such as those provided in Wallman that aid in formulating trade scenarios for individual accounts, one at a time, each across the multiple tax lots of multiple securities held in the account being evaluation. (Specification, p. 3, lines 10-14). However, such a serial approach could take hours or even days for a large client base. (Specification, p. 3, lines 24-25). Accordingly, as the background of the present invention appreciates, "for money managers that are responsible for multiple accounts, numbering from perhaps in the tens of thousands, there is also a need for a tool that can be used to develop trading proposals across the plurality of accounts for a single security." (Specification, p. 3, lines 14-18).

Therefore, the management of taxable events within a single portfolio in Wallman does not teach or suggest "generating a trading proposal for tax lots...wherein the tax lots are of a

single security across a plurality of investor accounts," as recited in independent Claim 1, and similarly in independent Claims 14 and 27." Moreover, Wallman does not teach or suggest only a "single security" across a plurality of investor accounts. Indeed, the Office Action's citation of "multiple assets" or "plurality of assets/liabilities" of Wallman refers to multiple securities, in contrast to the "single security" recited in Claims 1, 14, and 27. And as described above, there is still only one portfolio, and not multiple investor accounts, in Wallman. Furthermore, Frank does not cure the deficiencies of Wallman since its optimization system receives as input, a plurality of securities in the taxable/tax deferred accounts, as illustrated in FIG. 7 of Frank. Accordingly, independent Claims 1, 14, and 27 are still further allowable over Wallman and Frank.

All of the dependent claims are allowable as a matter of law as depending from allowable base Claims 1, 14, or 27, notwithstanding their independent recitation of patentable features.

Improper Official Notice for Dependent Claims 9, 22, and 35

For Dependent Claims 9, 22, and 35, the Office Action takes Official Notice that one of ordinary skill in the art at the time of the invention would have been able to turn the "displaying of potential proceeds and the potential tax consequences in a graphical format" of Wallman (col. 3, lines 46-48) into a push form of transmitting reminders. (Office Action, pp. 4-5). Applicants traverse the Office Action's taking of such Official Notice for the reasons set forth below.

In particular, referring to MPEP § 2144.03, it is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. As the court held in In re Zurko, 258 F.3d 1379, 59 USPQ2d 1693 (Fed. Cir. 2001), an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. In the present case, amended dependent Claims 9, 22, and 35 similarly recite "automatically transmitting the reminders on one or more future dates when the cause of the failure to satisfy the selection criteria is no longer available." However, the Office Action has provided no evidentiary support for such a transmittal of the "displaying of potential proceeds and the potential tax consequences

in a graphical format" in Wallman on one or more future dates when the cause of the failure to satisfy the selection criteria is no longer available. Instead, Wallman makes clear that the displayed graphical formats cited by the Office Action are immediately responsive to inputs into the system by the user:

> Once the user selects the securities to be sold, the system determines the graph 10 in FIG. 1 by plotting the various combination of sales of the securities. Once plotted, the user can then select how much money the user requires... (Col. 11, lines 29-32).

Accordingly, the Office Action's taking of Official Notice with respect to dependent Claims 9, 22, and 35 is improper. Likewise, Frank, which also makes no mention of such automatic transmittal of reminders on one or more future dates when the cause of the failure to satisfy the selection criteria is no longer available, cannot cure the deficiencies described above.

Dependent claims 9, 22, and 35 were shown above to be allowable as a matter of law as depending from allowable independent claims. In addition, for the reasons described immediately above, dependent Claims 9, 22, and 35 are further allowable over the art of record.

New Independent Claim 40 is Allowable

New independent Claim 40 recites, among other features, "generating a securities trading proposal, based upon the at least one selection criterion, the security price information, the tax rate information, and the tax lot information, for the tax lots of the single security across the plurality of accounts." Applicants assert that neither Wallman, Frank, or a combination thereof, teaches such a feature.

As described above, Wallman does not teach or suggest "tax lots of the single security across the plurality of accounts." Indeed, Wallman is directed towards the management of taxable events within a single portfolio—that is, a single account. While the single portfolio may include multiple assets, those multiple assets represent multiple securities within the portfolio and not multiple accounts, as alleged by the Office Action. Accordingly, Wallman does not teach or suggest "tax lots of the single security across the plurality of accounts, as recited in Claim 40. Moreover, Frank, which is not associated with a trading system at all, incorporates

multiple assets for purposes of suggesting asset allocations between taxable/tax-deferred accounts, and thus, also does not teach or suggest "tax lots of the single security across the plurality of accounts." Accordingly, independent Claim 40 is allowable over Wallman, Frank, or a combination thereof.

CONCLUSION

The Applicants believe they have responded to each matter raised by the Examiner. Allowance of the claims is respectfully solicited. It is not believed that extensions of time or fees for addition of claims are required, beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR § 1.136(a), and any fee required therefore (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 19-5029.

Respectfully submitted,

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